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SECOND SESSION – EIGHTH PARLIAMENT

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FIRST REPORT  
OF THE PORTFOLIO COMMITTEE ON SMALL AND MEDIUM ENTERPRISES  
AND CO-OPERATIVE DEVELOPMENT  
ON THE ROLE, MANAGEMENT AND IMPACT OF HOUSING CO-OPERATIVES ON  
THE DELIVERY OF NATIONAL HOUSING IN ZIMBABWE

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*Presented To Parliament May 2015*

S.C. 13, 2015

**Announced:** Thursday, 12<sup>th</sup> February 2015

That the Committee consists of the following:

Hon. Chibagu G, Hon. Chidhakwa S, Hon. Chitura L, Hon. Gezi T, Hon. Gonese I, Hon. Gwanongodza E, Hon. Kachepa N, Hon. Kaundikiza M, Hon. Machingauta C, Hon. Mahoka S, Hon. Mangami D, Hon. Mangwende S, Hon. Mashayamombe S, Hon. Mawere D.V, Hon. Mbwembwe E.N, Hon. Mpofu M.M, Hon. Musvaire W, Hon. Mutomba W, Hon. Muzenda T, Hon. Ncube M, Hon. Nduna D.T, Hon. Nkomo M, Hon. Nyere C, Hon. Sansole T, Hon. Zemura L

**Hon. Mangami D. to be Chairperson**

**ORDERED IN TERMS OF STANDING ORDER NO. 159:**

- 1) At the commencement of every session, there shall be committees designated according to such government policy areas as the Standing Rules and Orders Committee may deem fit.
- 2) It shall be the function of such committees to examine government policies, which fall under or relate to the designated theme or themes, and other matters falling under their jurisdictions as the Standing Rules and Orders Committee may determine.
- 3) The members of such committees shall be appointed by the Standing Rules and Orders Committee, from one or both Houses of Parliament, and such appointments shall take into account the expressed interests or expertise of Members and Senators and the political and gender composition of the Parliament.
- 4) Each select committee shall be known by the theme determined for it by the Standing Rules and Orders Committee.

**TERMS OF REFERENCE OF PORTFOLIO COMMITTEES STANDING ORDER NO. 160**

Subject to these Standing Orders, a portfolio committee shall-

- a) Consider and deal with all Bills and Statutory Instruments or other matters which are referred to it by or under a resolution of the House or by the Speaker;
- b) Consider or deal with an appropriation or money bill or any aspect of an appropriation or money bill referred to it by these Standing Orders or by or under resolution of this House;
- c) Monitor, investigate, enquire into and make recommendations relating to any aspect of the legislative programme, budget, policy or any other matter it may consider relevant to the government department falling within the category of affairs assigned to it, and may for that purpose consult and liaise with such a department; and
- d) Consider or deal with all international treaties, conventions and agreements relevant to it, which are from time to time negotiated, entered into or agreed upon.

## **1. INTRODUCTION**

According to the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIM ASSET), over 1,25 million people in Zimbabwe are in need of housing. This constitutes about 10% of the country's population and estimates indicate that more than 50% of those in need of housing are in Harare. In order to address this challenge, a number of housing co-operatives have emerged throughout the country and these self-help groups are identified in the National Housing Policy of 2012, as one of key stakeholders on national interventions aimed at reducing the housing backlog. It is against this backdrop that the Committee on SMEs and Co-operative Development embarked on an enquiry to understand the role and management of housing co-operatives vis-a-vis the delivery of national housing in Zimbabwe.

## **2. METHODOLOGY**

To get an in-depth understanding of the role and management of housing co-operatives, the Committee engaged the following stakeholders: the Permanent Secretary and officials from the Ministry Small and Medium Enterprises and Co-operative Development, Zimbabwe National Association of Housing Co-operatives (ZINAHCO), Dialogue for Shelter and Transparency International Zimbabwe. In addition, the Committee conducted field visits and public hearings to three housing co-operatives in Harare, namely, Emerald Hills, Herbert Chitepo and Third Chimurenga. Due to financial constraints the Committee was unable to visit and conduct public hearings outside Harare.

## **3. FINDINGS**

### **3.1 The Role of the Ministry of Small and Medium Enterprises and Cooperative Development**

The Ministry administers the Cooperative Societies Act, which governs the operations of housing co-operatives. The Ministry informed the Committee that there was need to review the Act in order to address some of the challenges that had arisen in the management of housing co-operatives, particularly provisions relating to dispute resolutions. The enforcement procedures in the Act were said to be weak. The Ministry highlighted that this was one of the reasons why its decisions aimed at resolving conflicts were not being respected, hence its advocacy for the establishment of a Co-operatives Tribunal, which would have the capacity to make binding and enforceable decisions. Furthermore, the Ministry raised concerns on the cooperatives which are not performing. Twelve housing co-operatives were cited for defying the provisions of the society's constitution and the

Co-operative Societies Act, as well as, using it as a tool to intimidate dissenting voices within the society. These co-operatives include: Sally Mugabe, Herbert Chitepo, Border Gezi, Nehanda, Zvakatanga Sekuseka, Pungwe Chimurenga, Zano Remba, 21st Century, Kugarika Kushinga and Ngungunyani.

In terms of Section 3 of the Act, the Ministry has the responsibility to conduct educational and training programs for members of societies; assist in proper accounting and management of funds of societies, as well as, raise the level of the general and technical knowledge of members of societies. In addition, the Ministry has the responsibility to monitor the activities of co-operatives. The Committee noted that the Ministry has been unable to fulfill its legal obligations due to lack of vehicles and personnel.

### **3.2 Zimbabwe National Association of Housing Co-operatives (ZINAHCO)**

This is an apex body that represents housing co-operatives. However, not all housing cooperatives are affiliated to this apex body because membership is voluntary. ZINAHCO informed the Committee that since the year 2000, through its members, it had serviced 20 000 stands and had built more than 10 000 houses. The Committee also noted that the apex body occasionally receives financial support from developmental partners. However, those housing cooperatives not affiliated to ZINAHCO have to rely on their own internal resources.

### **3.3 Emerald Hills Housing Co-operative**

The Committee visited this co-operative which is based in Budiro and forms part of a consortium comprising of other housing co-operatives. It comprises of 62 members most of whom are persons living with disabilities. The Committee was impressed by the work of this co-operative, in that they managed to overcome both physical and societal challenges and built two-roomed houses for each member. Article 28 of the Convention on the Rights of Persons with Disabilities, recognizes the right of persons with disabilities to an adequate standard of living for themselves and their families, including adequate housing. The Committee would like to encourage government through all its departments, to continue to support persons with disabilities in their quest for decent housing. One major challenge raised by the co-operative hinges on the lack of collective responsibility by members of the consortium. Housing co-operatives within the consortium have different developmental programs in developing the area. For instance, the cooperative highlighted that some housing cooperatives in the consortium were building houses on reserved places meant for shopping malls or

were expanding their properties, thereby encroaching on land allocated to members of Emerald Hills. Furthermore, the members of Emerald Hills informed the Committee that they were struggling to get title deeds for their homes because of the local authority's requirement that they construct tarred roads before the transfer of ownership.

#### **3.4. Herbert Chitepo Housing Co-operative**

This is one of the problematic housing co-operatives that was cited by the Ministry of Small and Medium Enterprises and Cooperative Development. The housing co-operative is located in Kuwadzana Extension. The Committee had an opportunity to conduct a field visit and a public hearing in the area. The co-operative has 501 members and 88 of its members have not yet received land. The management committee of the co-operative, chaired by Mr Chinyanga, was accused by the majority of its members of abuse of office and misappropriation of funds. Since 2009, the housing co-operative has neither held its annual general meetings nor had its financial records audited in line with Sections 48 and 35 of the Co-operatives Societies Act. The Ministry highlighted that it could not place such problematic co-operatives under liquidation in terms of Section 102, because the majority of members of the society would lose their hard earned contributions if the co-operative is dissolved. During the public hearing, it emerged that some members were unfairly dispossessed of their houses; some female members experienced gender-based violence in one way or another; there were regular physical fights between the management committee and some members of the society and a host of other unresolved conflicts. Furthermore, the Committee was informed that the treasurer of the Co-operative had disappeared following mounting pressure from the society's members to account for the society financial resources. Some of the society's members have had to engage the services of lawyers and Transparency International Zimbabwe to try and find solutions to these challenges.

The Committee noted that there were different models of building houses that were being applied at this co-operative. The first one, was where the co-operative builds houses for its members using funds raised from subscriptions and the second model is where a member is allocated a stand and builds the house using his or her own resources. Where houses were built using funds raised from subscriptions, the major challenge that was raised by members, was that the management committee had appropriated 20 houses for personal use. In the second instance, where houses were built by members using their own resources, a number of challenges emerged which include: such members were required to continue paying subscriptions; other members were dispossessed of their property and this was

exacerbated by the fact that there were no title deeds as guarantee of ownership and lastly such members were forced to contract builders hired by the management committee irrespective of the cost.

In one of its oral evidence sessions, the Committee noted with concern that some of the officials from the Ministry of Small and Medium Enterprises and Cooperative Development, like Mr Nyamunokora showed bias and lacked impartiality as he took sides with the Chairperson of Hebert Chitepo Housing Co-operative in contradiction of the Ministry's initial statement that the co-operative was not performing well. The Ministry went on to acknowledge that it did not have the capacity to resolve some of these conflicts and was in the process of amending the Act to strengthen its dispute resolution provisions.

### **3.5 Third Chimurenga Housing Co-operative**

Third Chimurenga housing co-operative comprises of 44 members and is located in Tynwald where it belongs to a consortium of 14 other housing co-operatives. The Committee managed to conduct a field visit and a public hearing at its location. The co-operative has managed to construct houses for its members and has put in place bulk infrastructure such as sewer, water and electricity. Their next stage of development was the construction of roads and the co-operative highlighted that progress was slow because the City Council had one engineer for roads who was constantly occupied to serve them.

During the public hearing the co-operative raised concern on the acquisition of title deeds from local authorities, where they were required to pay an intrinsic value of US\$4,60 per square metre of land. The co-operative wanted this amount reduced to 50 cents per square metre given that the local authorities gave them unserviced land and they had to put up bulk infrastructure such as sewer, water and roads using their own resources.

The Committee also learnt during the public hearing that there were some members of the society who were unprocedurally expelled in violation of section 43 (2) of the Co-operative Societies Act and the society's by-laws. Some of the expelled members have since been refunded of their contributions. The expelled members were then replaced by members nominated by the consortium after payment of US\$27 000 to the management committee. The former chairperson of the society acknowledged receiving the money which she later transferred to the consortium but there was no paper trail on this transaction which created suspicion amongst the rest of the members.

#### **4.0 COMMITTEE'S OBSERVATIONS**

- 4.1 The Co-operative Societies Act does not empower the Ministry of Small and Medium Enterprises and Co-operative Development to enforce its dispute resolutions.
- 4.2 The Ministry is faced with a number of complex challenges in the administration of housing co-operatives partly due to inadequate resources.
- 4.3 Management Committees of most co-operatives are not performing well.
- 4.4 Financial accountability systems of housing co-operatives were in shambles and liable to abuse by management committees.
- 4.5 Co-operators do not pay subscriptions through banks, thereby compromising accountability
- 4.6 Certain management committees of housing co-operatives were very powerful and operated by instilling fear in their members so that they are not held accountable for their actions, for example, Hebert Chitepo Housing Co-operative which has not held annual general meetings for the past 5 years.
- 4.7 There is no cohesion amongst members of the consortium which leads to unnecessary disputes and conflicts amongst housing co-operatives.
- 4.8 Some co-operatives in consortiums do not have representation on the consortium management committee, thereby depriving them of information on developments.
- 4.9 Some members in the consortium are building houses on land reserved for other establishments.'
- 4.10 The intrinsic value charged by the Harare City Council is unaffordable for most members.
- 4.11 ZINAHCO affiliated housing co-operatives access financial assistance from developmental partners with the help of the Ministry while non-members are not benefiting from the same.
- 4.12 Different models of constructing houses were being used by some co-operatives, thereby lacking uniformity and creating conflict.

#### **5.0 RECOMMENDATIONS**

These are the recommendations that arose from the Committee's findings:

- 5.1 The Co-operatives Societies Act should be amended to address new challenges that have emerged and to strengthen its enforcement provisions by the end of 2015.
- 5.2 The Ministry of Small and Medium Enterprises and Co-operative Development should be adequately resourced to effectively carry out its mandate in all the provinces of the country, in particular administration of housing co-operatives.
- 5.3 The Ministry should constantly conduct capacity building for Management Committees to enable

them to run housing co-operatives effectively.

- 5.4 A maximum of 2 terms limit, each term 2 years long on the tenure of office for management committees of housing co-operatives.
- 5.5 An interim management committee should be appointed for Herbert Chitepo Housing Co-operative whilst a permanent solution is being crafted in order to protect the interests of members of the society within a period of one month.
- 5.6 The Ministry should ensure that all co-operatives hold annual general meetings and auditing of financial records in accordance with the Co-operative Societies Act in order to promote transparency and accountability by the end of this year.
- 5.7 The Ministry should ensure that all housing co-operatives have a representative in the consortium committee, to enable access to information and decision-making on developmental programs.
- 5.8 The Ministry of Local Government, Public Works and National Housing should investigate allegations of houses built on reserved land as a matter of urgency.
- 5.9 The Ministry should play a facilitatory role in assisting housing co-operatives to pay a reasonable amount of the intrinsic value of land to town councils and to lobby for installments facility to enable poor members of societies to acquire title deeds.
- 5.10 Housing co-operatives are encouraged to join apex organisations, such as ZINAHCO to ease administration and access donor funding.
- 5.11 The Ministry should lay out regulations to assist housing co-operatives that apply different models of constructing houses, to promote fairness and protect the interest of the society's members.
- 5.12 The Ministry of Small and Medium Enterprises and Co-operative Development should take best practices from other countries, such as, Kenya and Sweden where Tribunals have been established to manage co-operatives

## **6. CONCLUSION**

The Committee appreciates the important role being played by housing co-operatives in the provision of shelter, especially for low income earners. However, some of these housing co-operatives have been infiltrated by selfish and greedy people bent on siphoning desperate home seekers of their hard earned money. Some of these victims are poor and vulnerable members of our societies, such as, widows and the disabled. The Committee would like to implore the government to come up with measures aimed at protecting and promoting the human rights and economic interests of members of housing cooperatives.